

# EUROPEAN PARLIAMENT

2004



2009

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*Session document*

FINAL  
**A6-0374/2007**

10.10.2007

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## **REPORT**

on the proposal for a directive of the European Parliament and of the Council amending Directive 2006/43/EC on statutory audit of annual accounts and consolidated accounts, as regards the implementing powers conferred on the Commission

(COM(2006)0903 – C6-0024/2007 – 2006/0285(COD))

Committee on Legal Affairs

Rapporteur: Bert Doorn

### ***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission.)

### ***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a directive of the European Parliament and of the Council amending Directive 2006/43/EC on statutory audit of annual accounts and consolidated accounts, as regards the implementing powers conferred on the Commission (COM(2006)0903 – C6-0024/2007 – 2006/0285(COD))**

**(Codecision procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to the European Parliament and the Council (COM(2006)0903),
  - having regard to Article 251(2) and Article 44(2)(g) of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C6-0024/2007),
  - having regard to Rule 51 of its Rules of Procedure,
  - having regard to the report of the Committee on Legal Affairs (A6-0374/2007),
1. Approves the Commission proposal as amended;
  2. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
  3. Instructs its President to forward its position to the Council and the Commission.

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Text proposed by the Commission

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Amendments by Parliament

Amendment 1  
RECITAL 3

(3) In accordance with the joint statement of the European Parliament, the Council and the Commission on Decision 2006/512/EC, instruments **which are** already in force must be adjusted in accordance with the applicable procedures. That statement indicates a list of instruments which should be adjusted as a matter of urgency, including Directive 2006/43/EC.

(3) In accordance with the joint statement of the European Parliament, the Council and the Commission on Decision 2006/512/EC, **for this new procedure to be applicable to** instruments already in force **adopted pursuant to the procedure under Article 251 of the Treaty, they** must be adjusted in accordance with the applicable procedures. That statement indicates a list of instruments which should be adjusted as a matter of urgency, including Directive 2006/43/EC.

Amendment 2

ARTICLE 1, POINT 6, INTRODUCTORY PART

Article 29, paragraph 2, Article 36, paragraph 7 and Article 47, paragraphs 3 and 5 (Directive 2006/43/EC)

Articles 29(2), 36(7) and 47(3) **and** (5) are amended as follows:

Articles 29(2), 36(7) and 47(5) are amended as follows:

Amendment 3

ARTICLE 1, POINT 6 A (new)

Article 45, paragraph 6 (Directive 2006/43/EC)

***(6a) Article 45(6) shall be replaced by the following:***

***“In order to ensure uniform application of paragraph 5 (d), the equivalence referred to therein shall be assessed by the Commission in cooperation with Member States and shall be decided upon by the Commission in accordance with the procedure referred to in Article 48(2). Pending such a decision by the Commission, Member States may assess the equivalence referred to in paragraph 5 (d) as long as the Commission has not taken any decision in accordance with the procedure referred to in Article 48(2). In this context, the Commission may adopt measures, aimed at establishing general equivalence criteria in accordance with the requirements laid down in Articles 22, 24, 25 and 26, which are applicable to all third countries and which shall be used by Member States when assessing the equivalence at national level. The criteria may not exceed the requirements laid down in Articles 22, 24, 25 and 26. Those measures, designed to amend non-essential elements of this Directive by supplementing it, shall be adopted in accordance with the regulatory procedure***

*with scrutiny referred to in Article 48(2a).”*

Amendment 4  
ARTICLE 1, POINT 6 B (new)  
Article 46, paragraph 2 (Directive 2006/43/EC)

*(6b) Article 46(2) shall be replaced by the following:*

*“In order to ensure uniform application of paragraph 1 of this Article, the equivalence referred to therein shall be assessed by the Commission in cooperation with Member States and shall be decided upon by the Commission in accordance with the procedure referred to in Article 48(2). Member States may assess the equivalence referred to in paragraph 1 of this Article or rely on the assessments carried out by other Member States as long as the Commission has not taken any decision in accordance with the procedure referred to in Article 48(2). If the Commission decides that the requirement of equivalence referred to in paragraph 1 of this Article is not complied with, it may allow the auditors and audit entities concerned to continue their audit activities in accordance with the relevant Member State's requirements during an appropriate transitional period. In this context, the Commission may adopt measures, aimed at establishing general equivalence criteria in accordance with the requirements laid down in Articles 29, 30 and 32, which are applicable to all third countries and which shall be used by Member States when assessing the equivalence at national level. The criteria may not exceed the requirements laid down in Articles 29, 30 and 32. Those measures, designed to amend non-essential elements of this Directive by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in*

*Article 48(2a).”*

Amendment 5  
ARTICLE 1, POINT 6 C (new)  
Article 47, paragraph 3 (Directive 2006/43/EC)

*(6c) Article 47(3) shall be replaced by the following:*

*“In order to ensure uniform application of paragraph 1(c), the adequacy referred to therein shall be assessed by the Commission in cooperation with Member States and shall be decided upon by the Commission in accordance with the procedure referred to in Article 48(2). Member States shall take the measures necessary to comply with the Commission's decision.*

*Such assessment of adequacy shall be based on the requirements of Article 36 or essentially equivalent functional results. Any measures taken in this context aiming at facilitating cooperation between competent authorities and designed to amend non-essential elements of this Directive by supplementing it shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 48(2a).”*



## EXPLANATORY STATEMENT

The Committee on Legal Affairs welcomes the Commission's proposal, which aims to adapt Directive 2006/43/EC of 17 May 2006 on statutory audit of annual accounts and consolidated accounts, to the regulatory procedure with scrutiny. This new procedure is introduced by Article 5a of the Council Decision 1999/486/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission (as amended by Council Decision 2006/512/EC of 17 July 2006).

The possibility for the European Parliament of exercising greater scrutiny over the implementing measures proposed by the Commission is most welcome, as European legislation *sensu largo* must be, in the end, approved by the body which is democratically elected.

Taking under consideration the content of Directive 2006/43/EC, the Committee would like to support the provisions which adapt the existing comitology provisions to the new regulatory procedure with scrutiny.

With regard to the Articles 45(6), 46(2) and 47(3) of the Directive 2006/43/EC referring to third country aspects (third country auditors or audit entities, and third country competent authorities), the Committee proposes to introduce the regulatory procedure with scrutiny to the Articles 45(6), 46(2) and 47(3) for measures aiming at establishing general equivalence criteria (or facilitating cooperation between competent authorities in case of the adequacy) and designed to amend non-essential elements of this Directive. Simultaneously, it proposes to follow the "old" comitology procedure for Commission's decisions with individual effect which assess the equivalence or adequacy of the third country standards and requirements. In the proposed amendments, a specific solution has been used in consultation with the Council, and the Commission.

## PROCEDURE

<b>Title</b>	Statutory audit of annual accounts and consolidated accounts (implementing powers conferred on the Commission)	
<b>References</b>	COM(2006)0903 - C6-0024/2007 - 2006/0285(COD)	
<b>Date submitted to Parliament</b>	22.12.2006	
<b>Committee responsible</b> Date announced in plenary	JURI 17.1.2007	
<b>Rapporteur(s)</b> Date appointed	Bert Doorn 29.1.2007	
<b>Previous rapporteur(s)</b>	Manuel Medina Ortega	
<b>Discussed in committee</b>	10.4.2007	25.6.2007
<b>Date adopted</b>	4.10.2007	
<b>Result of final vote</b>	+: 22	-: 0
	0: 0	
<b>Members present for the final vote</b>	Carlo Casini, Bert Doorn, Giuseppe Gargani, Lidia Joanna Geringer de Oedenberg, Katalin Lévai, Hans-Peter Mayer, Manuel Medina Ortega, Aloyzas Sakalas, Francesco Enrico Speroni, Gary Titley, Diana Wallis, Rainer Wieland, Jaroslav Zvěřina, Tadeusz Zwiefka	
<b>Substitute(s) present for the final vote</b>	Charlotte Cederschiöld, Kurt Lechner, Marie Panayotopoulos-Cassiotou, József Szájer	
<b>Substitute(s) under Rule 178(2) present for the final vote</b>	Michael Cashman, Lily Jacobs, Genowefa Grabowska, Iles Braghetto	